PANDORA
UNFORGETTABLE MOMENTS

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No. 27
COMPANY ANNOUNCEMENT
19 May 2011

INTERIM REPORT FOR Q1 2011

REVENUE GREW BY 41.0% DRIVEN BY GROWTH ACROSS ALL REGIONS AND JEWELLERY CATEGORIES. NET PROFIT WAS UP BY 90.7%.

- Revenue increased by 41.0% to DKK 1,745 million compared to DKK 1,238 million in Q1 2010

- Gross margin increased to 71.6% in Q1 2011 compared to an adjusted gross margin of 70.8% in Q1 2010

- EBITDA increased by 49.6% to DKK 709 million resulting in an EBITDA margin of 40.6% compared to an adjusted EBITDA margin of 42.3% in Q1 2010

- EBIT increased by 54.6% to DKK 637 million resulting in an EBIT margin of 36.5% compared to an adjusted EBIT margin of 37.3% in Q1 2010

- Net profit increased by 90.7% to DKK 515 million compared to a reported net profit of DKK 270 million in Q1 2010

- Free cash flow was DKK 476 million in Q1 2011 compared to DKK 212 million in Q1 2010

Mikkel Vendelin Olesen, PANDORA's Chief Executive Officer, said: "We experienced strong underlying growth in Q1 and implemented price increases in most markets to balance the impact of rising gold and silver prices. Our performance was based on a combination of good volume and product mix developments in existing and new stores across markets. We are particularly pleased with our continued ability to deliver superior margins in part as result of our combined hedging policy and inventory effect. We remain focused on delivering very strong growth by increasing penetration in existing markets, upgrading existing stores as well as developing new markets. Our updated financial outlook for 2011 remains unchanged."

ASSESMENT OF MARKET CONDITION
Reaction to our price increases have varied across markets depending on timing of the price increase, the current consumer environment and the strength of the PANDORA brand in that market. Whilst the overall feedback from customers and consumers has been cautiously positive, in some markets we have seen a moderate slowdown in the immediate aftermath of price increases. In general, there is some impact on volumes in the 2- 4 months following a price increase, after which volumes gradually recover.

Performance in Americas, including our largest market - the US, and Asia continues to be in line with Q1 performance. Some European markets have seen a more moderate development with continued weakening of consumer confidence. In Germany and Australia price increases do not have effect until Q2 and we are therefore waiting to see the full impact of the price increases in these markets.

In Australia we maintain our strong market position.

Germany we see as an opportunity market, not a mature market. Our current performance is not satisfactory and we have taken steps managerially and in terms of trade and consumer interface to drive what we believe to be considerable long-term growth.

Network expansion in new markets such as Italy, Russia, China and Japan continue to be on track and we expect these markets to contribute positively towards the group's overall performance.

Margin development is in line with year-end outlook as result of our anticipated volumes for 2011 being nearly fully hedged against gold and silver prices.

UNCHANGED FINANCIAL OUTLOOK FOR 2011

For 2011, PANDORA expects a revenue increase of no less than 30% and an EBITDA margin of minimum 40%. We also expect CAPEX to account for approximately 3% of total Group revenue and the effective tax rate to be approximately 18%.

CONFERENCE CALL

A conference call for investors and financial analysts will be held today at 11.00 CET and can be accessed from our website: www.pandoragroup.com. The corresponding presentation will be available on the website one hour before the call.

The following numbers can be used by investors and analysts:
DK: +45 32 72 76 25
UK (International): +44 (0) 1452 555 566
US: +1 1631 510 7498

To help ensure that the conference begins in a timely manner, please dial in 5 minutes prior to the scheduled starting time. Participants will have to quote confirmation code 68333533 when dialling into the conference.

ABOUT PANDORA

PANDORA designs, manufactures and markets hand-finished and modern jewellery made from genuine materials at affordable prices. The PANDORA jewellery is sold in more than 55 countries on six continents through over 10,000 points of sale, including more than 450 PANDORA branded concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs over 5,000 people worldwide of whom 3,600 are located in Gemopolis, Thailand, where the company manufactures its jewellery. PANDORA is publicly listed on the NASDAQ OMX Copenhagen stock exchange in Denmark. In 2010, PANDORA's total revenue was DKK 6.7 billion (approximately EUR 895 million). For more information, please visit **www.pandoragroup.com**

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FINANCIAL HIGHLIGHTS

DKK million	2011 Q1	2010 Q1	2010 Full year
Income statement			
Revenue	1,745	1,238	6,666
EBITDA	709	474	2,684
Operating profit (EBIT)	637	412	2,416
Net financial income and expenses	-9	-83	-164
Profit before tax	628	329	2,252
Net profit	515	270	1,871
Balance sheet			
Total assets	8,335	6,373	8,959
Invested capital	5,618	4,871	5,659
Net working capital	1,292	680	1,266
Shareholders' equity	4,740	1,512	4,315
Net interest-bearing debt	705	2,060	1,102
Cash flow statement			
Net cash flow from operating activities	455	56	1,316
Net cash flow from investing activities	-135	-29	-304
Free cash flow	476	212	1,388
Cash flow from financing activities	-947	-600	-644
Net cash flow for the period	-627	-573	368
Ratios			
Revenue growth, %	41.0%	110.9%	92.6%
EBITDA growth, %	49.6%	41.9%	70.7%
EBIT growth, %	54.6%	27.6%	69.7%
Net profit growth, %	90.7%	25.6%	86.2%
EBITDA margin, %	40.6%	38.3%	40.3%
EBIT margin, %	36.5%	33.3%	36.2%
Cash conversion, %	92.4%	78.5%	74.2%
Net interest-bearing debt to EBITDA *	0.2	1.2	0.4
Equity ratio, %	56.9%	23.7%	48.2%
ROIC, % *	47.0%	31.1%	42.7%
Other key figures			
Average number of employees	5,060	3,545	4,336
Dividend per share, DKK	-	-	5
Earnings per share, basic	4	2	15
Share price at end of period	269	-	336

* Ratio is based on 4 quarters rolling EBITDA and EBIT respectively.

Key figures and financial ratios are defined and calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2010". Please refer to note 27 in the Annual report 2010

FINANCIAL HIGHLIGHTS FOR Q1 2011

In Q1 2011, PANDORA continued to grow across all product categories, as result of continued focus on branded sales, capitalising on our product offering, entering into new markets, and building our brand globally.

FOCUS ON PANDORA BRANDED SALES CHANNELS

We focus strategically on increasing the number of PANDORA-branded points of sale in order to strengthen the perception of our brand and permit an expanded product offering compared to our unbranded points of sale. The share of revenue from branded sales, within our direct distribution markets, was 75.4% in Q1 2011 compared to 66.4% in Q1 2010. Branded stores in direct distribution markets accounted for 35.2% of the total number of stores at the end of Q1 2011 compared to 27.9% at the end of Q1 2010.

PANDORA will continue to expand the number of branded stores and expects for the full year 2011 to open more than 250 new Concept stores.

In Q1 2011, we continued the upgrading of our existing store base as well as the rollout of new stores adding a total of 157 new branded points of sale in Q1 2011. Of these, 30 were concept stores, 28 Shop-in-Shops and 99 Gold stores.

In line with our strategy of moving towards a higher proportion of branded sales, we also continued to close down non-branded stores in markets where we want more focus on branded sales. In Q1 2011 we upgraded or closed down 469 White stores of which a considerable number of closures were in Australia and Germany.

As a result of the focus on closing down non-branded stores, the total number of points of sale fell by 228 to a total of 10,390 globally.

GROUP	Number of Points of sale Q1 2011	Number of Points of sale Q4 2010	Number of Points of sale Q1 2010	Delta Q1 2011 and Q4 2010	Delta Q1 2010 and Q4 2009
Concept stores[1]	451	421	240	30	44
Shop-in-Shops[2]	986	958	623	28	111
Gold	1,622	1,523	1,408	99	63
Total branded	**3,059**	**2,902**	**2,271**	**157**	**218**
Total branded as % of Total	**29.4%**	**27.3%**	**22.9%**	**-**	**-**
Silver	2,542	2,458	2,104	84	43
White and travel retail	4,789	5,258	5,557	-469	-155
Total[3]	**10,390**	**10,618**	**9,932**	**-228**	**106**

[1] Includes 57 and 58 PANDORA-owned Concept stores at Q4 2010 and Q1 2011 respectively

[2] Includes 35 and 37 PANDORA-owned Shop-in-Shops at Q4 2010 and Q1 2011 respectively

[3] Includes for Q1 2011 41 Concept stores, 130 Shop-in-Shops, 108 Gold, 315 Silver and 1,905 White stores relating to Third party distributors

CAPITALISING ON OUR PRODUCT OFFERING

In recent years, we have significantly broadened our jewellery offering, via the introduction of our Compose, LovePods and Liquid Silver collections in 2007, 2008 and 2009, respectively, and watches from Fall 2010.

In Q1 2011, we continued to see strong momentum in both Charms and Silver & Gold Charm Bracelets as well as Rings and our Other Jewellery collections. Revenue from Charms and Silver & Gold Charm Bracelets grew by 39.2% and 43.8%, respectively - the two categories represented 84.3% of total revenue.

Rings grew by 148.8% and Other Jewellery by 18.6% , and together represented 15.7% of total revenue compared to 15.0% in Q1 2010. Rings represented 5.8% of total revenue compared to 3.3% in Q1 2010.

DKK million	**Q1 2011**	**Q1 2010**	**% Growth**
Charms	1,251	899	39.2%
Silver and gold charm bracelets	220	153	43.8%
Rings	102	41	148.8%
Other jewellery	172	145	18.6%
Total	**1,745**	**1,238**	**41.0%**

Since the beginning of 2009 PANDORA has sold 5.5 million Silver & Gold Bracelets and 57.5 million Charms, creating a significant “installed base” for future sales of charms.

Overall, the composition of the category and country mix has changed compared to Q1 2010. As a result, the average sales price per item in Q1 2011 has increased to DKK 131 from DKK 105 (DKK 119 adjusted for price increases) in Q1 2010, primarily driven by a shift into higher priced products. Despite our ability to increase the average selling price, PANDORA continues to target the affordable luxury segment with approximately 58% of our total assortment selling at retail prices below EUR 100.

ENTRY INTO NEW MARKETS

We intend to continue to enter into new geographical markets and expand our presence in existing markets. In well-established markets we expect to enter into and develop our market presence primarily through existing retail outlets. In emerging markets we expect to focus more or less exclusively on the launch of PANDORA-branded points of sale.

In July 2010, PANDORA entered the Italian market, thereby establishing a presence in Europe’s largest market for fine jewellery. Based in Milan, a team of sales representatives and visual merchandisers cover the Italian market, focusing on multi-brand points of sale. By the end of Q1 2011, we were selling PANDORA products through 594 points of sale (1 Concept store, 13 Shop-in-Shops, 9 Gold stores, 79 Silver stores and 492 White stores). At the end of 2011, PANDORA expects to have close to 1,000 points of sale in Italy. In order to build the PANDORA brand name rapidly in Italy, our strategy is to develop nationwide market presence through existing non-branded retail outlets, benefitting from the strong infrastructure of independent jewellers in the Italian market, followed by upgrading that network when established. This is the same approach we have successfully implemented in all existing major markets.

As stated earlier, PANDORA expects to open more than 250 new Concept stores in 2011 compared to 225 new Concept stores in 2010. Many of these in 3 of our major new markets: Russia, China and Japan.

In late 2010 we entered into a Master Distribution and Franchise Agreement for Russia. The retail expansion will be based on a cluster strategy to realize optimal branding exposure. Focus has initially been on Moscow and St. Petersburg where 6 Concept stores were opened in December 2010 and 3 Concept stores in Q1 2011. At the end of 2011, PANDORA expects to have more than 30 branded stores in Russia. Our strategy in Russia is to open branded stores only – primarily Concept stores and Shop-in-Shops.

In Asia, PANDORA expects to open more than 100 Concept stores and Shop-in-Shops in 2011. Store openings will primarily be in China and Japan. Outside these two markets store openings will take place in cities such as Hong Kong, Singapore, Jakarta, Bangkok, Manila, Kuala Lumpur, Taipei and Hanoi. These openings are all expected to have a significant effect on the general exposure of the PANDORA brand in the region.

Our expansion in China will initially focus on key cities such as Beijing, Shanghai, Guangzhou and Hangzhou. PANDORA now has 2 Concept stores and 2 Shop-in-Shops in China. At the end of 2011, PANDORA expects to have more than 20 branded stores in China in anchor locations as part of a cluster strategy in key cities. Our strategy in China is to open branded stores only. We have identified 62 cities in China, each with a potential to host between 5 and 30 Concept stores and Shop-in-Shops that we are addressing in a structured plan in the coming 3-4 years.

In Q4 2010, we also entered into a Master Distribution and Franchise Agreement for Japan. We have already established commercial presence in Q1 2011, with a key city strategy anchored around initial PANDORA stores in Tokyo, Osaka and Kobe. At the end of 2011, PANDORA expects to have more than 15 branded stores in Japan. Our strategy in Japan is to open branded stores only – primarily Concept stores and Shop-in-Shops.

BUILDING A GLOBAL BRAND

We pursue a global brand strategy focused on creating consistency of brand perception across all communication channels and markets. Our marketing strategy continues to focus on increasing the conversion rate of women who know PANDORA to women who buy PANDORA jewellery. To further strengthen our brand, we expect to continue spending a high single digit percentage of our revenues on marketing. In Q1 2011, marketing costs as a percentage of revenue were 9.7% compared to 8.6% in Q1 2010.

In Q1 2011 we have continued to use the internet and social media to promote our brand awareness as well as to attract and retain customers by fostering customer loyalty through our PANDORA club, our website and other on-line media channels. By Q1 2011 we had more than 1.6 million members of our PANDORA club on our website, approximately doubling since Q1 2010.

Our semi-annual brand tracking survey based on our top 20 countries shows continued improvement in our brand awareness level across our markets. PANDORA brand awareness in Q1

2011 has increased to 51% of the interviewees in our target group (women aged 25-49) compared to 37% in Q1 2010. The percentage of women in our target group considering buying our jewellery has increased to 26% in Q1 2011 from 15% in Q1 2010. The percentage of women saying they own PANDORA jewellery has increased to 10% in Q1 2011 from 7% in Q1 2010.

REVENUE DEVELOPMENT IN Q1 2011

PANDORA demonstrated strong revenue growth in Q1 2011. Total revenue increased 41.0% to DKK 1,745 million in Q1 2011 from DKK 1,238 million in Q1 2010. Excluding foreign exchange movements the underlying revenue growth was 37.3% of which 13.5% was due to price increases, 23.8% was volume (12.5%) and mix effects (11.3%).

PANDORA's diversification into new products with a higher average selling price is contributing to growth. Volume growth accounted for 12.5% of the underlying revenue growth indicating that volume is becoming less relevant as a standalone indicator for the true underlying growth of 37.3%.

We implemented price increases in all markets during Q1 2011 except for Australia where we increased prices in April 2011. Price increases in Germany were only implemented at the end of Q1 2011. The impact of price increase on sales volumes will vary by market and depend on the economic climate in the individual market at the time of implementation. In general, we expect some impact on volumes in the 2- 4 months following a price increase, after which volumes gradually recover. We therefore continue to monitor the impact of the price increases across all markets and particularly in Germany and Australia.

Revenue per total points of sale increased by 32.8% in Q1 2011 compared to Q1 2010 as revenue per point of sale increased to approximately DKK 166 thousand in Q1 2011 from approximately DKK 125 thousand in Q1 2010 (calculated based on the average of the points of sale at the beginning and end of the period).

The geographical distribution of revenue in Q1 2011 was 44.8% for the Americas, 42.6% for Europe and 12.6% for Asia Pacific.

REVENUE BREAKDOWN BY GEOGRAPHY

DKK million	Q1 2011	Q1 2010	% Growth	% Growth in local currency
Americas	**782**	**564**	**38.7%**	**36.0%**
United States	677	505	34.1%	
Other	105	59	78.0%	
Europe	**743**	**490**	**51.6%**	**49.8%**
United Kingdom	219	151	45.0%	
Germany	162	155	4.5%	
Other	362	184	96.7%	
Asia Pacific	**220**	**184**	**19.6%**	**8.2%**
Australia	174	166	4.8%	
Other	46	18	155.6%	
Total	**1,745**	**1,238**	**41.0%**	**37.3%**

AMERICAS

Revenue grew by 38.7% to DKK 782 million in Q1 2011 from DKK 564 million in Q1 2010. Excluding foreign exchange movements the underlying revenue growth was 36.0%. Americas now represents 44.8% of revenue compared to 45.5% in Q1 2010.

The United States continues to be our largest single market accounting for 38.8% of Q1 2011 revenue. Other Americas, with Canada as the largest contributor, grew by 78% including foreign exchange effect and now constitutes 6% of total group revenue.

The growth in Americas reflects, in part, increased demand for our products, price increases and a continued trend in upgrading stores to devote greater space to PANDORA products in a branded environment. In particular, PANDORA Concept stores showed strong same store sales growth. In North America, brands, retail chains and alternative distribution channels such as online sales are outperforming the broader jewellery market which is reflected in our performance in PANDORA branded stores. These market dynamics confirm our strategy of focusing on branded sales.

In Q1 2011 the number of branded stores in Americas increased by 51 stores. In Americas branded stores account for 39.6% of the total number of stores.

The key growth drivers for the region continue to be: upgrade of unbranded points of sale primarily on the US East Coast, increase penetration on the US West Coast, same store sales growth in our existing network and further expansion in the Canadian market.

AMERICAS	**Number of Points of sale Q1 2011**	**Number of Points of sale Q4 2010**	**Number of Points of sale Q1 2010**	**Delta Q1 2011 and Q4 2010**	**Delta Q1 2010 and Q4 2009**
Concept stores[1]	148	136	81	12	11
Shop-in-Shops[2]	331	301	155	30	22
Gold	592	583	635	9	30
Total branded	**1,071**	**1,020**	**871**	**51**	**63**
Total branded as % of Total	**39.6%**	**38.2%**	**35.3%**	**-**	**-**
Silver	1,101	1,110	948	-9	19
White and travel retail	530	543	648	-13	-152
Total	**2,702**	**2,673**	**2,467**	**29**	**-70**

[1] Includes 0 and 0 PANDORA-owned Concept stores at Q4 2010 and Q1 2011 respectively

[2] Includes 0 and 0 PANDORA-owned Shop-in-Shops at Q4 2010 and Q1 2011 respectively

EUROPE

In Europe, the increase in our revenue of 51.6% was predominantly related to strong organic growth in the United Kingdom and Other Europe, especially Spain and Portugal.

The United Kingdom is the largest single market in Europe accounting for 12.6% of Q1 2011 revenue compared to 12.2% in Q1 2010. In the UK general high street retail performance was challenging in Q1 2011, resulting in weak like-for-like sales performance for many retailers. Despite this difficult environment our revenue in the UK increased by 45% as result of same store sales growth, price increases and new openings in Q1 2011.

The reduction of the number of Shop-in-Shops in Europe is the result of PANDORA downgrading some retailers in the UK from Shop-in-Shops to Gold as they did not comply with our requirements for Shop-in-Shop qualification.

Revenue in Germany increased 4.5% in Q1 2011 compared to Q1 2010, which was below the average growth in Europe. Our performance in Germany is the result of two main differences to other large PANDORA markets: lower brand awareness in combination with a large share of distribution through unbranded stores. Q1 2011 revenue has been impacted in particular by PANDORA closing down White stores as part of our ongoing process to clean up the distribution network. The same strategy has been implemented successfully in other European markets such as the UK and the Nordic region.

We continue to see significant opportunity in Germany. This is illustrated by PANDORA's revenue per capita in our target group (women age 25-49), which in Q1 2011 was DKK 11 in Germany compared to DKK 13 in the US, DKK 21 in UK and DKK 46 in the case of Australia (a highly penetrated market).

In order to ensure long-term growth, a new management structure has been implemented in Germany including a new Managing Director who is in place as of 1 April 2011. The new management team in Germany will focus on improving the quality of the distribution network, taking actions to increase branded sales as well as increasing and improving the quality of our brand awareness. In addition, we aim to drive traffic to the stores through increased focus on consumer marketing and specific sell-out activities.

In addition to the aforementioned price increases in Germany, we have tightened general trading terms with our customers. Whilst we believe these measures will have a negative impact in the short to medium term, these steps combined with the abovementioned actions will ensure the long term success of PANDORA in Germany.

Outside Germany, key future growth drivers in Europe are the full year effect of upgrades and new openings, new store openings already implemented, additional upgrades and new store openings across all existing and new European markets in particular Italy and new Eastern European markets with Russia as our main new market.

EUROPE	**Number of Points of sale Q1 2011**	**Number of Points of sale Q4 2010**	**Number of Points of sale Q1 2010**	**Delta Q1 2011 and Q4 2010**	**Delta Q1 2010 and Q4 2009**
Concept stores[1]	235	219	126	16	33
Shop-in-Shops[2]	522	528	362	-6	82
Gold	871	776	609	95	21
Total branded	**1,628**	**1,523**	**1,097**	**105**	**136**
Total branded as % of Total	**23.5%**	**21.3%**	**16.4%**	**-**	**-**
Silver	1,341	1,238	1,058	103	18
White and travel retail	3,959	4,378	4,542	-419	27
Total[3]	**6,928**	**7,139**	**6,697**	**-211**	**181**

[1] Includes 29 and 30 PANDORA-owned Concept stores at Q4 2010 and Q1 2011 respectively

[2] Includes 35 and 37 PANDORA-owned Shop-in-Shops at Q4 2010 and Q1 2011 respectively

[3] Includes for Q1 2011 41 Concept stores, 130 Shop-in-Shops, 108 Gold, 315 Silver and 1,905 White stores relating to Third party distributors

ASIA PACIFIC

In Asia Pacific, the 19.6% revenue increase was attributable to strong growth in Asia ex Australia, especially in Hong Kong and Singapore. In Australia a positive currency impact from the Australian dollar was offset by local currency revenue decline Australia of 6.9%.

Trading conditions in Australia remains challenging as a result of continued weak household consumer confidence in combination with our high market penetration. Australia accounted for 10.0% of revenues in Q1 2011 compared to 13.4% in Q1 2010. We continue to counter the weak trading conditions by improving the mix of our distribution network towards branded sales. This will also enable us to maintain our strong market position. As a result we made the strategic decision to close a considerable number of White and Silver which will impact our revenue in the short term, but improve the long term positioning of the brand.

Key future growth drivers in Asia Pacific are increased market penetration in Asia through Concept stores and Shop-in-Shops. As previously mentioned we expect to open about 100 additional Concept stores and Shop-in-Shops throughout Asia in 2011, primarily focusing on China and Japan.

ASIA	**Number of Points of sale Q1 2011**	**Number of Points of sale Q4 2010**	**Number of Points of sale Q1 2010**	**Delta Q1 2011 and Q4 2010**	**Delta Q1 2010 and Q4 2009**
Concept stores[1]	68	66	33	2	-
Shop-in-Shops[2]	133	129	106	4	7
Gold	159	164	164	-5	12
Total branded	**360**	**359**	**303**	**1**	**19**
Total branded as % of Total	**47.4%**	**44.5%**	**39.5%**	**-**	**-**
Silver	100	110	98	-10	6
White and travel retail	300	337	367	-37	-30
Total	**760**	**806**	**768**	**-46**	**-5**

[1] Includes 28 and 28 PANDORA-owned Concept stores at Q4 2010 and Q1 2011 respectively

[2] Includes 0 and 0 PANDORA-owned Shop-in-Shops at Q4 2010 and Q1 2011 respectively

REVENUE BY DISTRIBUTION

We mainly derive our revenue from direct distribution of our jewellery products to our sales channels. Direct distribution accounted for 87.7% of revenue in Q1 2011 compared to 92.6% in Q1 2010. The decline in direct distribution is mainly driven by the strong performance by our third party distributors in Spain and Portugal.

Q1 2011	DKK million Revenue	Number of Points of sale end period
Direct distribution	1,530	7,891
Third party distribution	215	2,499
Total	**1,745**	**10,390**

GROSS PROFIT AND GROSS MARGIN

The principal component of our cost of sales include the direct cost we incur in respect of the purchasing of raw materials and semi-finished goods that we use when producing our jewellery, direct wages as well as personnel and other expenses incurred in connection with production and depreciation of our production facilities.

Gross profit was DKK 1,250 million in Q1 2011 compared to DKK 827 million in Q1 2010, resulting in a gross margin of 71.6% in Q1 2011 compared to 66.8% in Q1 2010. Adjusting for the fact that the Q1 2010 gross profit was negatively impacted by DKK 50 million for the acquisition of our German distributor, the comparable margin in Q1 2010 was 70.8%.

The gross margin was positively affected by global price increases and negatively affected by increasing raw material prices. At the beginning of Q2 2011 we have hedged 100%, 80%, 60% and 40% of expected gold and silver consumption in the following four quarters. However, current inventory means a delayed impact on our cost of goods sold of these hedge prices. Our gross margin for the full year of 2011 is expected to be approximately 70%. The combined effect of the time lag from our inventory and our 12-month rolling hedges effectively means we are already close to 100% hedged for the full year 2011.

Assuming price increases in Q1 2011 had been implemented from 1 January 2011 and, excluding our hedging or the time lag effect from our inventory, the underlying gross margin would have been approximately 67% based on average gold and silver market prices in Q1 2011. Under the same assumptions, a 10% deviation in quarterly average gold and silver prices would impact our gross margin by approximately 2.5 percentage points. In this scenario a combination of price increases, product mix, product design and cost leverage provided by our improving infrastructure would mitigate at EBITDA margin level. Current hedging and the inventory effect means we have approximately 12 months visibility in order to carry out these actions.

The average realized price for gold was 1,318 USD/oz and 21.94 USD/oz for silver in Q1 2011. Our hedged prices for the following four quarters for gold is 1,336 USD/oz, 1,385 USD/oz, 1,410 USD/oz, 1,444 USD/oz and for silver 26.04 USD/oz, 28.17 USD/oz, 30.72 USD/oz and 35.95 USD/oz.

DISTRIBUTION EXPENSES

Distribution costs comprise expenses related to the distribution of goods sold and sales & marketing campaigns, including packaging, brochures, displays and fixtures and fittings, pay and other expenses relating to sales and distribution staff and amortisation/depreciation.

Distribution expenses increased to DKK 459 million in Q1 2011 from DKK 299 million in Q1 2010, representing 26.3% of revenue in Q1 2011 compared to 24.2% in Q1 2010. The increase is a result of increased activity and investments in building up new infrastructure in Central Western Europe (CWE), especially in Italy. Furthermore the build up of a central sales and merchandising organisation at PANDORA head office have added to the increase in distribution costs. Finally, in Q1 2011, marketing costs amounted to DKK 170 million corresponding to 9.7% of revenue, compared to 8.6% in Q1 2010, as we continuously invest in marketing to continue to build the PANDORA brand.

As in Q1 2010, distribution costs in Q1 2011 were negatively affected by DKK 46 million from amortisation of acquired distribution rights in PANDORA CWE. These distribution rights will be fully amortised by 30 June 2011.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise expenses paid to manage and administer our operations, including expenses related to administrative staff and depreciation.

Administrative expenses amounted to DKK 154 million in Q1 2011 versus DKK 116 million Q1 2010, representing 8.8% down from 9.4% of Q1 2011 and Q1 2010 revenue, respectively.

The nominal increase in administration expenses is primarily due to increase in IT infrastructure and establishment of a central global supply-chain organisation.

EBITDA

EBITDA for Q1 2011 increased by 49.6% to DKK 709 million resulting in an EBITDA margin of 40.6%, - up from 38.3% in Q1 2010 - before one-off adjustments. Adjusting for these effects, the Q1 2010 EBITDA margin was 42.3%.

Regional EBITDA margins for Q1 2011 before allocation of central costs were 51.4% in Americas (51.4% in Q1 2010), 44.5% in Europe (38.0% in Q1 2010) and 42.7% in Asia Pacific (48.4% in Q1 2010). Unallocated costs decreased to 6.8% in Q1 2011 compared to 7.4% in Q1 2010.

Adjusting for one-off effects EBITDA margin in Europe in Q1 2010 would have been 48.2%. The decrease in Europe is due to increasing operating expenses primarily from ramp up in Italy and increased staff costs related to own retail stores in Germany. The decrease in EBITDA margin in Asia Pacific is primarily due to the decline in revenue in Australia.

EBIT

EBIT for Q1 2011 increased to DKK 637 million – an increase of 54.6% compared to the same quarter 2010, resulting in an EBIT margin of 36.5% for Q1 2011 vs. 33.3% in Q1 2010.

NET FINANCIAL INCOME AND EXPENSES

Net financial income and expenses primarily include interest income and expenses, realised and unrealised exchange gains and losses and allowances under the advance-payment-of-tax scheme.

Note that due to the refinancing implemented in 2010, comparison to Q1 2010 is not meaningful. Financial expenses were DKK -56 million in Q1 2011. In Q1 2011 net financial income and expenses includes the non-cash quarterly adjustment of the financial liability related to the earn-out on the non-controlling interests in PANDORA CWE (DKK 15 million in Q1 2011).

INCOME TAX EXPENSES

Income tax expenses were DKK 113 million in Q1 2011, implying an effective tax rate of 18.0% for Q1 2011, equal to Q1 2010 and in line with our expectations for the effective tax rate for the full year 2011.

NET PROFIT

Net profit in Q1 2011 increased by 90.7 % to DKK 515 million from DKK 270 million in Q1 2010.

LIQUIDITY AND CAPITAL RESOURCES

In Q1 2011, PANDORA generated free cash flow of DKK 476 million corresponding to a cash conversion of 92.4% compared to 78.5% in Q1 2010.

Operating working capital (defined as inventory and accounts receivables less accounts payables) at the end of Q1 2011 was 26.8% of preceding twelve months revenue compared to 26.1% at the end of Q1 2010. The increase is driven by increased inventory offset by significantly improved performance on account receivables and payables. Inventory increased to DKK 1,464 million at the end of Q1 2011 from DKK 672 million at the end of Q1 2010. About two thirds of the increase is explained by a general increase in activity, increasing commodity prices and currency effects. Furthermore, part of the increase is explained by increased sales to branded channels, which require a higher service level from PANDORA. To improve inventory performance over time various system initiatives have been taken improve forecasting in our sales companies and delivery accuracy from production as well as consolidation of warehouses.

Operating working capital at the end of Q4 2010 was 27.9% of last twelve months revenue. Q1 2011 inventory increased slightly to DKK 1,464 at the end of Q1 2011 from DKK 1,272 at the end of Q4 2010. Trade receivables improved to DKK 678 million in Q1 2011 (9.5% of preceding 12 month revenue) from DKK 834 million in Q4 2010 (12.5% of preceding 12 month revenue).

In Q1 2011, PANDORA invested a total of DKK 34 million in property, plant and equipment, approximately 1.9% of revenue. The majority of this was invested in our fifth production facility in Gemopolis expected to go into production late 2011.

Total interest bearing loans and borrowings were DKK 1,289 million at the end of Q1 2011 compared to DKK 2,335 million at the end of Q1 2010.

Cash and short-term deposits amounted to DKK 584 million at the end of Q1 2011 compared to DKK 275 million at the end of Q1 2010.

Net interest bearing debt at the end of Q1 2011 was DKK 705 million corresponding to 0.2x LTM EBITDA compared to DKK 2,060 million at the end of Q1 2010 corresponding to 1.2x LTM EBITDA.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have reviewed and approved the interim report of the PANDORA A/S for the period 1 January – 31 March 2011. The interim report which has not been audited or reviewed by the Company's auditor has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the PANDORA Group's assets, liabilities and financial position at 31 March 2011, and of the results of the PANDORA Group's operations and cash flow for the period 1 January – 31 March 2011.

Further, in our opinion the management's review (p. 1-14) gives a true and fair review of the development in the Group's operations and financial matters, the result of the PANDORA Group for the period and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Group.

Copenhagen, 19 May 2011

EXECUTIVE BOARD

Mikkel Vendelin Olesen
Chief Executive Officer

Henrik Holmark
Chief Financial Officer

BOARD OF DIRECTORS

Allan Leighton
Chairman

Torben Ballegaard Sørensen

Andrea Alvey

Marcello V. Bottoli

Sten Daugaard

Christian Frigast

Erik D. Jensen

Nikolaj Vejlsgaard

PANDORA
UNFORGETTABLE MOMENTS

CONSOLIDATED INCOME STATEMENT

DKK million	Notes	2011 Q1	2010 Q1	2010 Full year
Revenue	3	1,745	1,238	6,666
Cost of sales		-495	-411	-1,941
Gross profit		**1,250**	**827**	**4,725**
Distribution expenses		-459	-299	-1,733
Administrative expenses		-154	-116	-576
Operating profit		**637**	**412**	**2,416**
Financial income		47	20	54
Financial expenses		-56	-103	-218
Profit before tax		**628**	**329**	**2,252**
Income tax expenses		-113	-59	-381
Net profit for the period		**515**	**270**	**1,871**
Attributable to:				
Equity holders of PANDORA A/S		515	260	1,846
Non-controlling interests		-	10	25
Net profit for the period		**515**	**270**	**1,871**
Earnings per share				
Profit for the period attributable to ordinary equity holders of the parent, basic		4	2	15
Profit for the period attributable to ordinary equity holders of the parent, diluted		4	2	15

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

DKK million	2011 Q1	2010 Q1	2010 Full year
Net profit for the period	515	270	1,871
Exchange differences on translation of foreign subsidiaries	-195	199	402
Value adjustment of hedging instruments	110	-9	299
Income tax on other comprehensive income	-5	3	3
Other comprehensive income, net of tax	**-90**	**193**	**704**
Total comprehensive income for the period	**425**	**463**	**2,575**
Attributable to:			
Equity holders of PANDORA A/S	425	433	2,519
Non-controlling interests	-	30	56
Total comprehensive income for the period	**425**	**463**	**2,575**

CONSOLIDATED BALANCE SHEET

DKK million	2011 31 March	2010 31 March	2010 31 December
ASSETS			
Non-current assets			
Goodwill	1,853	1,842	1,905
Brand	1,052	1,048	1,052
Distribution network	358	388	366
Distribution rights	1,083	1,169	1,128
Other intangible assets	41	12	39
Property, plant and equipment	365	256	374
Deferred tax assets	130	59	107
Other non-current financial assets	16	22	28
Total non-current assets	**4,898**	**4,796**	**4,999**
Current assets			
Inventories	1,464	672	1,272
Trade receivables	678	515	834
Other receivables	639	70	533
Tax receivables	72	45	97
Cash and short-term deposits	584	275	1,224
Total current assets	**3,437**	**1,577**	**3,960**
Total assets	**8,335**	**6,373**	**8,959**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	130	1	130
Share premium	1,248	-	1,248
Treasury shares	-38	-	-38
Foreign currency translation reserve	326	329	521
Other reserves	495	7	390
Proposed dividend	650	-	650
Retained earnings	1,929	557	1,414
Equity attributable to equity holders of the parent company	**4,740**	**894**	**4,315**
Non-controlling interests	-	618	-
Total shareholders' equity	**4,740**	**1,512**	**4,315**
Non-current liabilities			
Interest-bearing loans and borrowings	-	1,763	-
Provisions	546	31	536
Deferred tax liabilities	572	605	606
Other liabilities	9	422	18
Total non-current liabilities	**1,127**	**2,821**	**1,160**
Current liabilities			
Interest-bearing loans and borrowings	1,289	572	2,326
Provisions	76	157	76
Payable to parent company	-	845	-
Trade payables	221	112	245
Income tax payables	474	174	351
Other payables	408	180	486
Current liabilities	**2,468**	**2,040**	**3,484**
Total liabilities	**3,595**	**4,861**	**4,644**
Total equity and liabilities	**8,335**	**6,373**	**8,959**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1 January - 31 March DKK million	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Other reserves	Proposed dividend	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Shareholders' equity at 1 January 2011	130	1,248	-38	521	390	650	1,414	4,315	-	4,315
Comprehensive income										
Net profit for the period							515	515	-	515
Exchange differences on translation of foreign subsidiaries				-195				-195	-	-195
Value adjustment of hedging instruments					110			110		110
Income tax on other comprehensive income					-5			-5		-5
Other comprehensive income, net of tax				-195	105			-90	-	-90
Total comprehensive income for the period				-195	105		515	425	-	425
Shareholders' equity at 31 March 2011	**130**	**1,248**	**-38**	**326**	**495**	**650**	**1,929**	**4,740**	**-**	**4,740**
Shareholders' equity at 1 January 2010	1	-	-	164	11	-	1,276	1,452	197	1,649
Reclassification *				-14			21	7	-7	-
Comprehensive income										
Net profit for the period							260	260	10	270
Exchange differences on translation of foreign subsidiaries				179				179	20	199
Value adjustment of hedging instruments					-9			-9		-9
Income tax on other comprehensive income					3			3		3
Other comprehensive income, net of tax				179	-6			173	20	193
Total comprehensive income for the period				179	-6		260	433	30	463
Sharebased payments					2			2		2
Proposed dividend						1,000	-1,000	-		-
Paid dividend						-1,000		-1,000		-1,000
Non-controlling interests arising on business combination								-	820	820
Minority shareholder with put-option reclassified to provision								-	-410	-410
Remeasurement of put-option								-	-12	-12
Shareholders' equity at 31 March 2010	**1**	**-**	**-**	**329**	**7**	**-**	**557**	**894**	**618**	**1,512**

* Non-controlling interests part of depreciation of distribution right including tax effect and foreign currency translation reserve of 31 December 2009.

CONSOLIDATED CASH FLOW STATEMENT

DKK million	2011 Q1	2010 Q1	2010 Full year
Profit before tax	628	329	2,252
Financial income	-47	-20	-54
Financial expenses	56	103	218
Amortisation/depreciation	72	62	265
Warrants	-	3	6
Change in inventories	-283	-125	-665
Change in receivables	94	62	-308
Change in trade payables	-17	-100	37
Change in other liabilities	-42	53	192
	461	367	1,943
Other non-cash adjustments	68	-51	31
Interest paid	-41	-215	-299
Interest received	1	21	17
Income tax paid	-34	-66	-376
Cash flow from operating activities	**455**	**56**	**1,316**
Acquisition of subsidiaries, net of cash acquired	-116	9	-94
Purchase of intangible assets	-4	-	-52
Purchase of property, plant and equipment	-34	-38	-210
Change in other non-current assets	11	-	3
Proceeds from sale of property, plant and equipment	8	-	49
Cash flow from investing activities	**-135**	**-29**	**-304**
Capital increase including share premium net of transaction costs	-	-	651
Dividend paid to parent company	-	-113	-200
Dividend paid to non-controlling interests	-13	-	-40
Purchase and disposal of treasury shares	-	-	-38
Acquisition of non-controlling interests	-	-	-593
Proceeds from borrowings	1,387	763	2,775
Repayment of borrowings	-2,321	-1,250	-3,199
Cash flow from financing activities	**-947**	**-600**	**-644**
Net cash flow for the period	**-627**	**-573**	**368**
Cash and short-term deposits			
Cash and short-term deposits at beginning of period	1,224	824	824
Net exchange rate adjustment	-13	24	32
Net cash flow for the period	-627	-573	368
Cash and short-term deposits at end of period	**584**	**275**	**1,224**
Unutilised credit facilities inclusive cash and cash equivalents	2,008	310	1,382

The above cannot be derived directly from the income statement and the balance sheet.

NOTES

NOTE 1 – Significant accounting estimates and judgements
In preparing the consolidated financial statements, management makes various accounting estimates and assumptions, which form the basis of presentation, recognition and measurement of PANDORA's assets and liabilities.

All significant accounting estimates and judgements are consistent with the description in the annual report for 2010. We refer to the description in PANDORA's annual report for 2010, from page 53.

NOTE 2 – Seasonality of operations
Due to the seasonal nature of the jewellery business, higher revenue are historically realised in the second half of the year.

NOTE 3 - Operating segment information
PANDORA's activities are segmented on the basis of geographical areas in accordance with management's reporting structure. In determining the reporting segments, a number of operating segments have been aggregated. All segments derive their revenues from the types of products shown in the product information provided below.

Management monitors the segment profit of the operating segments separately for the purpose of making decisions about resource allocation and performance management. Segment profit is measured consistently with the operating profit in the consolidated financial statements before non-current assets are amortised/depreciated (EBITDA).

NOTE 3. Operating segment information, continued

Q1 2011

DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total Group
Income statement:					
External revenue	782	743	220	-	1,745
Segment profit (EBITDA)	402	331	94	-118	709
Adjustments:					
Amortisation/depreciation					-72
Consolidated operating profit					**637**

Q1 2010

DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total Group
Income statement:					
External revenue	564	490	184	-	1,238
Segment profit (EBITDA)	290	186	89	-91	474
Adjustments:					
Amortisation/depreciation					-62
Consolidated operating profit					**412**

Product information:
Revenue from external customers

DKK million	**2011 Q1**	**2010 Q1**
Charms	1,251	899
Silver and gold charms bracelets	220	153
Rings	102	41
Other jewellery	172	145
Revenue	**1,745**	**1,238**

Geographical information:
Revenue from external customers

DKK million	**2011 Q1**	**2010 Q1**
United States	677	505
Australia	174	166
United Kingdom	219	151
Germany	162	155
Other countries*	513	261
Revenue	**1,745**	**1,238**

* PANDORA A/S' country of domicile is Denmark which is included in "Other countries".

NOTE 4 – Business combinations
Acquisition of the German distributor. On 5 January 2010, the Group formed PANDORA Jewelry Central Western Europe A/S together with the former German distributor. We refer to the description in PANDORA's annual report for 2010, from page 58.

NOTE 5 - Contingent liabilities
PANDORA is a party to a number of minor legal proceedings, which are not expected to influence PANDORA's future earnings.

NOTE 6 – Related party transactions
Related parties of PANDORA with a controlling interest are the principal shareholder Prometheus Invest ApS (57% interest) and the ultimate parent, Axcel III K/S 2 (32% interest).

Related parties further comprise Axcel III K/S 2's other portfolio enterprises, as they are subject to the same controlling interests. There have not been any transactions with Axcel III K/S 2 or these other entities during Q1 2011 and Q1 2010.

Related parties of PANDORA with significant interests include the Board of Directors and the Executive Management of the companies and their family members. Furthermore, related parties include companies in which the aforementioned persons have control or significant interest. Except for compensation and benefits received as a result of the membership of the Board of Directors, employment with PANDORA or shareholdings in PANDORA, PANDORA has not undertaken any significant transactions with the Board of Directors and Executive Management. We refer to the description in PANDORA's annual report for 2010, page 89.

Transactions with Prometheus Invest ApS
In February 2010, PANDORA completed a refinancing through borrowing DKK 2,200 million under a new senior facility agreement. The proceeds were used to repay existing credit facilities, to repay the subordinated loan from the parent company, Prometheus Invest ApS, to pay related fees and expenses and to pay DKK 113 million of declared dividend to Prometheus Invest ApS.

NOTE 6 – Related party transactions, continued

The table below provides other transactions which were entered into with related parties:

	Prometheus Invest Aps	
DKK million	**2011 Q1**	**2010 Q1**
Income statement:		
Financial expenses	-	13
Total	**-**	**13**
DKK million		
Balance sheet:		
Payables	-11	-845
Total	**-11**	**-845**

NOTE 7 – Accounting policies

The present unaudited interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' and accounting policies set out in the Annual Report 2010 of PANDORA. Furthermore, the interim financial report and Management's review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies. PANDORA has adopted all new, amended or revised accounting standards and interpretations ('IFRSs') endorsed by the EU effective for the accounting period beginning on 1 January 2011. These IFRSs have not had any significant impact on the Group's interim financial report.

PANDORA
UNFORGETTABLE MOMENTS

QUARTERLY OVERVIEW

DKK million	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Income statement					
Revenue	1.745	2.297	1.788	1.343	1.238
EBITDA	709	857	807	546	474
Operating profit (EBIT)	637	781	743	480	412
Net financial income and expenses	-9	-56	-34	9	-83
Profit before tax	628	725	709	489	329
Net profit	515	619	581	401	270
Balance sheet					
Total assets	8.335	8.959	7.727	7.001	6.373
Invested capital	5.618	5.659	5.737	5.392	4.871
Net working capital	1.292	1.266	1.514	1.056	680
Shareholders' equity	4.740	4.315	3.391	2.996	1.512
Net interest-bearing debt	705	1.102	2.021	1.950	2.060
Cash flow statement					
Net cash flow from operating activities	455	951	49	260	56
Net cash flow from investing activities	-135	-108	-45	-122	-29
Free cash flow	476	917	30	229	212
Cash flow from financing activities	-947	83	136	-263	-600
Net cash flow for the period	-627	926	140	-125	-573
Ratios					
Revenue growth, %	41,0%	67,2%	116,7%	99,0%	110,9%
EBITDA growth, %	49,6%	40,7%	161,2%	70,6%	41,9%
EBIT growth, %	54,6%	44,4%	196,0%	55,3%	27,6%
Net profit growth, %	90,7%	52,8%	279,7%	72,8%	25,6%
EBITDA margin, %	40,6%	37,3%	45,1%	40,7%	38,3%
EBIT margin, %	36,5%	34,0%	41,6%	35,7%	33,3%
Cash conversion, %	92,4%	148,1%	5,2%	57,1%	78,5%
Net interest-bearing debt to EBITDA *	0,2	0,4	0,8	1,0	1,2
Equity ratio, %	56,9%	48,2%	43,9%	42,8%	23,7%
ROIC, % *	47,0%	42,7%	37,9%	31,2%	31,1%

* Ratio is based on 4 quarters rolling EBITDA and EBITA respectively.